



Ford Motor Company

Charlie Pryde

Bill Storves

Ford in Michigan

- Ford employs 40,000 people in Michigan
- 16 major manufacturing facilities
- In 2010, purchased \$15.8 billion worth of goods and services from Michigan-based suppliers
 - In 2009 Ford purchased \$12. 6 billion worth of goods and services from Michigan-based suppliers

Ford Supplier Locations in Michigan

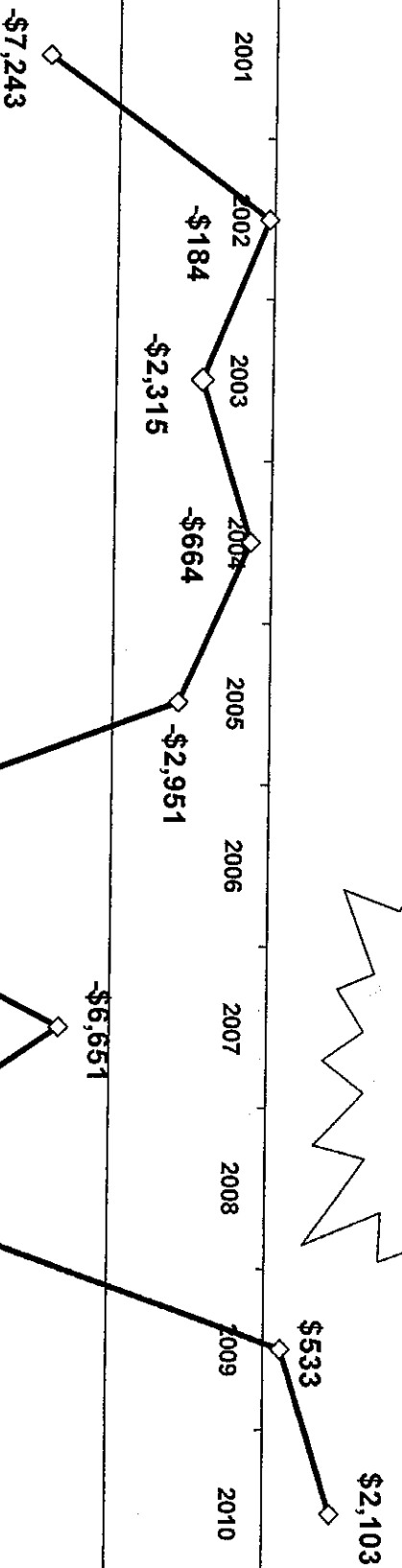


Facing competitive realities is critical for survival in today's globally competitive market

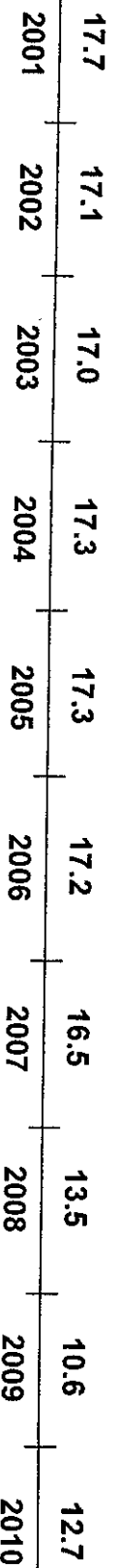
U.S. Automotive Profit Before Income Taxes*

Millions

2001 – 2010
Ford lost \$47.8B



U.S. Sales Rates:



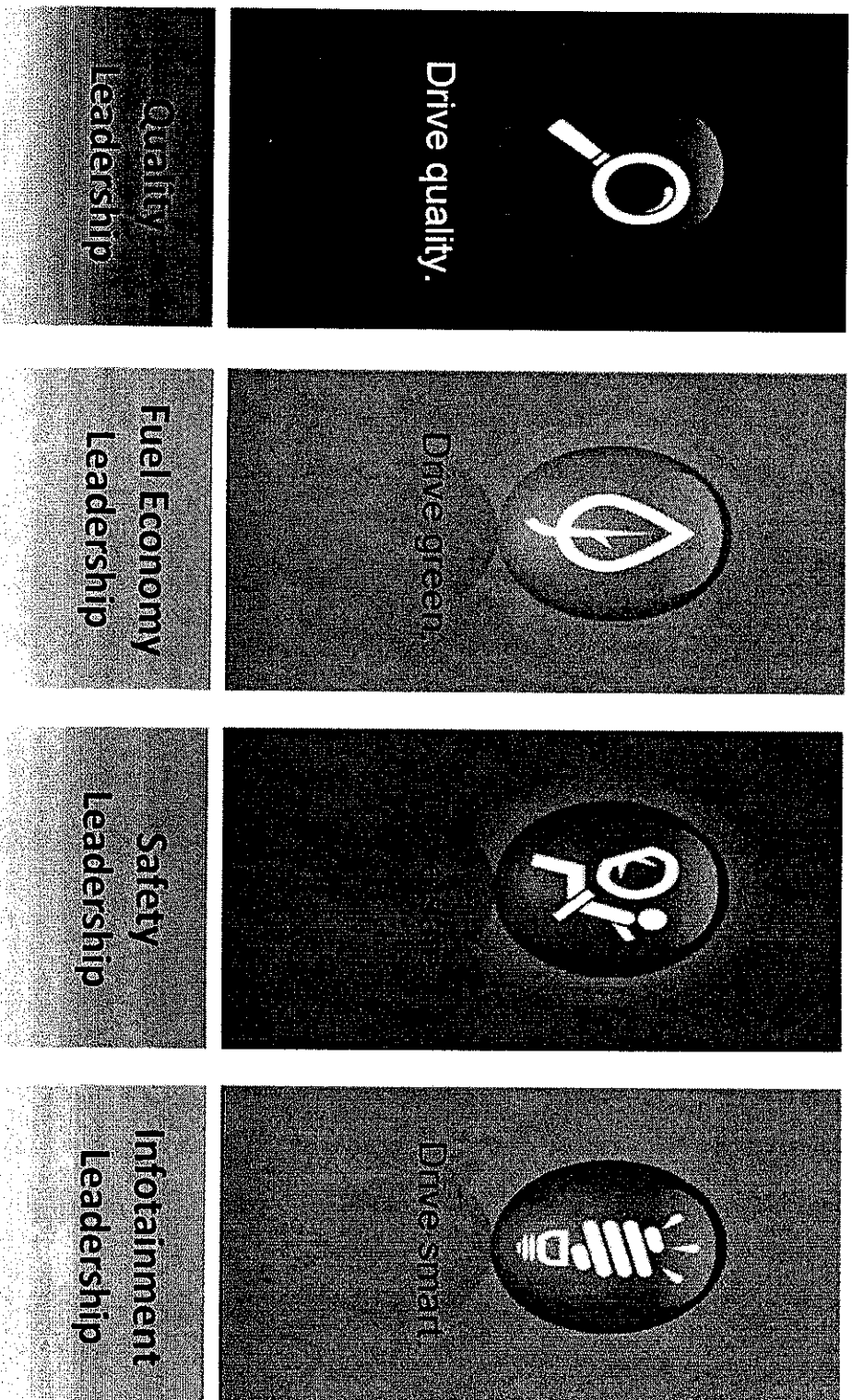
* Amounts include special items.

Restructuring Our Business

- Ford has reduced structural costs by more than \$10 billion in the past 5 years
- Dramatically reduced our over-capacity
- Reduced salaried, hourly headcount by just over 40 percent
- Improved our manufacturing competitiveness – particularly by working with the UAW
- Reduced product engineering and new facility and tooling costs

Reduced structural costs significantly; lowered breakeven volume

Ford's Product Development Pillars



Bill Storves

- Manager of Supply Chain Management , Material Planning and Logistics for Ford North America
- Responsible for managing the supply chain for all of Ford's assembly, stamping and powertrain plants in North America.
 - My team manages:
 - 2500 global suppliers
 - 85,000 parts
 - \$1.6 Billion in daily inventory
 - \$900 million in assets
 - We support material delivery to 31 facilities in North America and 21 facilities in the rest of the world
 - The Ford North America team spends approximately \$1 billion annually for inbound transportation.
 - Team manages supply and transportation system around the clock

Key Points on New International Trade Crossing

- Today's competitive environment makes a new border crossing between the US and Canada **critical**
 - Plants are operating at or very near full capacity – work stoppages or delays are difficult to make up.
 - Post 9-11 security requirements have substantially increased border processing time
- Ford's concern is congestion in Windsor
 - Direct freeway to freeway connection a necessity
 - 2 bridges are necessary for effective cross border trade – Ford would use both bridges

Business Case

- Michigan and Ontario are central to Ford's international competitiveness
 - In Michigan, Ford employs about 40,000 people and has 16 major manufacturing facilities.
 - In Ontario, Ford employs about 5,700 people and has 3 major manufacturing facilities.
- This center of economic growth produces 7 vehicles -- F-150, Mustang, Edge, Flex, MKT, MKX and the all new Focus
 - In addition this center produces engines, transmissions and powertrain components for a full-range of Ford and Lincoln products.
- The border crossing plays a key role – on a typical day, Ford has 600 trucks carrying a full range of components and completed vehicles cross the border between Ontario and Michigan.

Ford, the Auto Industry and Manufacturing are Back!

- 2010 Ambassador Bridge truck traffic was up 17% or an additional 1000 trucks a day more than 2009
- IHS Global Insight predicts North American volumes to be near 20 million units by 2016 (presently 13.1million units)
 - US volumes are forecasted at 16 million units in 2016
- Ford expects its worldwide sales to increase by approximately 50 percent by mid-decade to about 8 million vehicles a year

Transportation Infrastructure and Competitiveness

- Ford monitors our North American transportation system and supply base on a 24/7 basis
 - Key elements of our management process include:
 - Daily reviews of the 9 major border crossings and 7 major ports Ford uses
 - Carrier and supplier operating performance to planned deliveries
 - Part inventories levels required to support plant operations
 - Ongoing supply chain and carrier performance – including costs associated with lack of capacity, unexpected delays, and or unexpected events.
 - Costs associated with transportation delays result in greater use of premium transportation (air cargo, etc)
 - Transportation delays are the largest driver for premium transportation use

Border Delays Cost Money and Time (and time is money)

- Costs associated with the border:
 - Independent studies estimate border crossing add costs up to \$800 per vehicle
 - A trip from Essex engine plant (Windsor) to the Dearborn Truck – estimated as a 3 hour trip – is planned at 4 to 5 hours – this requires increased inventory to protect production.
 - Production stoppage results in substantial costs:
 - Example – plant operating at capacity – 60 units an hour at \$25,000 per unit = \$1,500,000 per hour of lost revenue
- Post 9/11 security measures have resulted in 18 major new programs all of which result in increased complexity and border processing time.

Conclusion

- Global competition requires world-class transportation infrastructure – The Detroit Windsor border crossing is not world-class
 - Buffalo/Niagara – Buffalo/Niagara – with 8 lanes of commercial crossing capacity (3 more than Detroit Windsor) handles only 70% of the commercial border crossing traffic that Detroit/Windsor does.
- The issue is congestion and future access in Windsor – to be competitive a freeway to freeway connection is essential
- Ford would use both bridges – using the bridge most competitive in time and cost
- The New Bridge needs to be a win/win for the community and businesses
- Ford strongly supports the NITC and urges a yes vote on Senate bills 410 and 411



William Clay Ford, Jr.
Executive Chairman

Ford Motor Company
One American Road
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February 8, 2011

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder,

On behalf of Ford Motor Company, I am writing in support of a new international trade crossing. Michigan and Ontario are central to Ford's international competitiveness:

- In Michigan, Ford employs more than 38,000 people and has 16 major manufacturing facilities
- In Ontario, Ford employs about 7,300 employees and has 4 major manufacturing facilities
- The combination of these centers of economic growth produces the Ford F-150, Mustang, Edge and Focus – and engines powering a full range of Ford and Lincoln products.

The border crossing plays a key role in Ford's business operations – on a typical day, 600 trucks carrying components, engines and completed vehicles cross the border between Ontario and Michigan.

If anything were to happen to stop or disrupt traffic for any extended period of time on the current Ambassador Bridge, the economic effects for Ford, our suppliers and the hundreds of other businesses that depend on the crossing, would be devastating. The redundancy of a new bridge minimizes the risk of disruption of cross-border traffic.

It is also critically important to the region and Michigan. Detroit is home to the busiest border crossing in North America based on trade volume, with a value of almost \$500 million in goods crossing daily. To compete as a world-class community, we strongly support the construction of any new crossings to improve traffic flow and reduce or eliminate congestion. We also need this crossing to be built expeditiously – for these reasons Ford Motor Company supports Michigan's New International Trade Crossing.

Sincerely,

cc: Senator Randy Richardville, Senate Majority Leader
Representative Jase Bolger, Speaker of the House
Senator Gretchen Whitmer, Senate Democratic Leader
Representative Rick Hammel, House Democratic Leader
The Michigan Legislature

